

**2019 State of the State
Eric Holcomb
Governor of Indiana**

Delivered January 15, 2019

Mr. Speaker, Mr. President, Madam Chief Justice, Lt. Governor, members of the General Assembly, my fellow Hoosiers.

It is indeed an honor to stand before you for the third time to discuss the state of our state and the work we'll do to make life better for all Hoosiers.

I can tell you this much. It doesn't get old.

For I know just how fortunate we are to occupy our respective offices and to therefore have the opportunity and duty to make a positive impact on people's lives and the state we all love.

That's why I'm pleased to report that, thanks to the energy and hard work of Hoosiers from Angola to New Harmony, from Henryville to Hammond, Indiana is on a roll and the state of our state is strong!

There are more Hoosiers working today than at any time in our state's history.

Our labor participation rate remains higher than the national average while our unemployment rate is lower – lower than any state we touch.

We've tripled the foreign direct investment in our state over the last three years, and we've broken records two years running now for new job commitments coming our way.

Statewide tourism is up, wages are up, in-migration is up, home sales are hot, building permits have surged, and our tech ecosystem is growing.

As important as these facts are now, we're planting seeds to ensure that Indiana's harvest will be bountiful for years to come!

This two-part mission – making the lives of Hoosiers better today while building for the future – has been and will remain my administration's focus.

My aim – to coin a phrase – is to take Indiana to the Next Level.

This isn't a slogan on a billboard or bumper sticker to me. It's an action-oriented aspiration that Indiana can be one of the leading states in the country by any measure.

To achieve it, we must bring the same strength and vitality to our quality of life that we have to our economy. So tonight, I'll dig a little deeper into what I mean by "the next level" and what it will take for us to get there.

Because when I think back to not so many years ago, when our "ship of state" was taking on water fast, when our economy was weak and narrowly focused, when we had no reserves and we were outspending our revenue year after year, we were dead in the water.

But thanks to you and our predecessors, we turned Indiana 180 degrees and set sail on a course to sustainable growth, fiscal strength and a more efficient government.

Thanks to this continuity, Indiana has been transformed from having one of the worst financial conditions of any state to now having one of the best.

Now, I chose to focus on "cultivating a strong and diverse economy" as the first pillar of my ongoing agenda because the first step to the next level must be a vibrant, growing economy. If our private sector isn't doing well, then surely our public sector will be first to be strained.

That's why we can't stop now.

Global connectivity, robotics, artificial intelligence, big data, machine learning and non-stop technological advances are permanent features of the future of work, workers and the work place. And that offers an exciting way forward to those who embrace change as an ally, not as an adversary.

We simply cannot just maintain our course. Instead, we must throttle up.

Two years ago, we burst off the starting line and kept the pedal to the metal ever since.

We've operated within an honestly balanced budget, protected our Triple-A credit rating, and set aside nearly \$2 billion in our state's savings account.

We've been ranked best in the Midwest, a top five state in the nation for doing business, and number one for small business.

But to stay ahead of our competition and keep breaking those jobs records, we must keep sharpening our economic development tools to give us the flexibility to attract more capital investment and more people to locate here.

So, yes, I will once again pursue exempting military pensions from our state income taxes so we can attract and retain talented patriotic veterans – who we know are some of the most experienced, focused and loyal workers anywhere.

Speaking of veterans, we are fortunate to have a few heroes with us this evening.

In April, the Navy christened the fourth USS Indianapolis. The second ship of that name was lost at sea in 1945. The new vessel will be used for mine-clearing and anti-surface warfare.

That ship will join the new USS Indiana, the most modern, sophisticated, fast-attack Virginia-class submarine in the world – longer than a football field and capable of 25 knots when submerged. For those of you Googling right now, that's 28.77 miles-per-hour. Pretty fast for a football-field-long boat under water.

You'll be especially pleased to know the sailors on board the USS Indiana are officially called Hoosiers.

Ladies and gentlemen, please help me recognize two great Americans: Commander Colin Kane of the Indianapolis and Commander David Grogan of the Indiana. Sirs, we salute you and your crews.

We are justifiably proud of our Hoosier connections to those who defend our nation. Let their service inspire us to reach for that next level when it comes to our quality of life, education and workforce pursuits.

Because, just as with our economic gains, we will not reach our destination in these other critical areas without changing our past ways.

But when we set the right course to steer by, we will make progress here every day.

And that's precisely the role and goal of the other four pillars I introduced two years ago.

For example, we're making real progress building and rebuilding our infrastructure – something that's essential for us to remain the undisputed Crossroads of America.

We're accelerating regional road projects like completing I-69 three years ahead of schedule. We're pursuing transformational rail projects in northwest Indiana, a fourth water port in southeast Indiana, and we're working to make Indianapolis the Midwest destination for nonstop international flights.

But we're about more than ports, planes, trains and automobiles. The internet is just as essential to our prosperity today as highways were a century ago, and we have far too many Hoosiers without access to affordable high-speed broadband.

When I was visiting one of our towns, someone said to me, "Eric, if you come by our Starbucks between 7 and 9 at night, you'll see parents with their kids doing their homework, because they can't get wi-fi at home."

Another Hoosier told me, "Kids in my town go to McDonalds to go online."

Nothing against large coffees and Big Macs. I'm a fan of both. But all students should be doing their homework at home. So, we're making the largest single investment in broadband in our state ever.

To help more people enjoy the diverse outdoor beauty of Indiana, we're also making the single largest investment in our state's history to expand our hiking, biking and riding trails. Because we all know that today, people often choose where to live before they choose where to work, and these amenities matter.

And to that point, reaching the next level requires strengthening our human infrastructure.

Last year, I said that developing a 21st century workforce is the defining issue of the decade. Nothing has changed my opinion or my focus on building a Hoosier workforce that can outcompete anyone, anywhere, any day.

Our efforts and investments are designed to meet the goal of ensuring 60 percent of Hoosier adults have a high-value credential beyond high school. To do that, we must get our kids to start thinking about their career paths earlier in their lives. So we will introduce every student to career and apprenticeship options in Indiana's key opportunity industries.

We'll support students who seek a four-year degree and those who don't, so that everyone has a pathway to a fulfilling career.

Earlier this year, I met a trailblazer who is doing just that: Mary Roberson, the superintendent of Perry Central Community Schools.

Perry Central is a small school, all grades K-12 under one roof, nestled in the middle of the Hoosier National Forest. Through partnerships with local manufacturers like Jasper Engines and Waupaca Foundry, they've created a business on the school grounds.

Students get hands-on experience in advanced manufacturing, product research and development, and also learn soft skills like a good work ethic. The kids learn and earn money. Their parents are delighted. Jasper Engines and Waupaca help students further their education and train potential employees.

When we talked, Mary insisted, "Our kids can be just as successful as anybody," and she's proving it. Thank you, Superintendent Roberson!

A strong economy depends on a world-class workforce. That workforce depends on a great education. A great education depends on great teachers.

I'll bet everyone here had a teacher who had a profound impact on your life. I've had several. I've come to appreciate and respect them more and more each day.

And one way to attract and retain more of those teachers is to make teacher pay more competitive.

In my budget proposal last week, I requested K-12 education funding increases of 2 percent for the next two years. That's a 4 percent increase and equates to \$432 million more than today.

But we can and we must do more.

We're in a financial position to use surplus dollars to pay off a pension liability that local schools currently pay.

Just like paying off your mortgage frees up money in your personal budget, this state investment will save all local schools \$140 million over the biennium with continued savings thereafter.

These two proposals would result in \$572 million new dollars to K-12 schools over the biennium.

I believe local school districts should allocate 100 percent of the \$140 million to increasing teacher paychecks.

That's what we'll be doing to make an immediate impact. And over the long term, I am creating the Next Level Teacher Pay Commission – chaired by Hoosier businessman and community leader Michael L. Smith – to identify resources that can be made available to make sure our teacher compensation is competitive with neighboring Midwestern states and ready to act on by the 2021 legislative session.

Once again, Indiana will show the way we solve challenging issues together.

Along with improving K-12 education, we must also skill up and re-skill our adult population.

The good news is that we're making encouraging progress. From 2016 to 2017, Indiana's post-high school credential attainment rate grew at nearly double the national growth average and even faster among Hoosiers between 25 to 44 years old.

The number of Hoosiers with a STEM-related bachelor's degree also grew a healthy 8 percent.

But we can and must do more here, too, which is where our Next Level Jobs program comes in.

In 2018, nearly 9,000 Hoosiers enrolled in Workforce Ready-eligible certificate programs. Another 17,000 who previously started college came back to finish their post-secondary educations.

That's why we'll expand our Workforce Ready Grant program to continue our push to get more adults to complete degrees or certificates in high-demand industries.

And that's why we'll double the funding for the Employer Training Grant, which provides financial support to Indiana companies to hire, train and retain Hoosier adults to fill our job openings.

Last October, we announced that the Markle Foundation, along with Microsoft, made Indiana only the second state in the country to land its Skillful program, which helps connect Hoosiers to fulfilling careers. They said they chose Indiana because we're doing, not talking.

Given the urgency around strengthening our workforce, we can't afford to overlook anyone, especially those who want to earn a second chance.

In 2018, we began enrolling Department of Correction offenders in programs to train them for high-wage, high-demand jobs – everything from welding to computer coding.

I said last year we'd graduate 1,000 by 2020 and we're already there, a year ahead of schedule.

We became the first state outside of California to introduce a new program called The Last Mile into our prisons. Its founders, Chris Redlitz and Beverly Parenti, are here with us tonight.

In less than a year, we already have coding programs in two of our facilities, and Google.org recently announced it would invest \$2 million into this proven program that has a zero percent recidivism rate. And thanks to Steve and Cathy Simon, we'll soon be announcing further expansion. Chris and Beverly, Steve and Cathy, thank you all for believing in Indiana.

I also attended the first graduation of a different workforce program. This one at the Madison Correctional Facility.

The graduation speaker was a young woman named Brittany, who had been in prison for five years.

While there, she got training in welding and manufacturing, got the skills she needed, and got a job. That's enabled her to move into her own home and she's now helping her seventh grade nephew and her mom. And one year into her new career, she's earned a promotion. If I had to guess, the first of many.

The best thing, Brittany told us. She said, "I get to wake up every day not looking at bars but looking at family!"

Brittany is paying it both forward and back a generation.

Brittany, will you please stand up, so we can stand for you?

I'll tell you another group I'm not giving up on. In fact, we will continue to put our full force behind attacking the drug epidemic throughout our state because, ladies and gentlemen, we're making progress.

Our new 2-1-1 OpenBeds program has made more than 4,000 referrals for treatment services and support groups, connecting people quicker than ever, which can mean the difference between life and death.

The number of opioid prescriptions is down, communities are forming their own systems of care, and we are getting drug data faster and more accurately than ever before. But better data means we have more information about the extent of the issue, and it shows we still have a long way to go.

To get there, this year we'll improve access to quality treatment, expand recovery housing, and provide better services for pregnant women who are substance dependent.

We will keep working 24-7-365 to get more of our Hoosier neighbors on the road to recovery.

We'll continue to be transparent and accountable on pressing issues like child welfare, infant mortality and student safety.

Last spring, I convened a group to examine school safety and the resulting report led to recommendations that will enhance mental health services in schools, provide more funding for safety equipment, and require active shooter training and threat assessments in our schools, because that is the world we live in now.

We are putting all of our efforts into implementing this entire plan.

But I have heard from Hoosiers who say we need to do more, and I agree.

Several pieces of legislation related to school safety have been introduced, and I look forward to working with you all, with moms and dads, and schools, as the days ahead unfold.

Ladies and gentlemen, I stand before you tonight proud of the progress we're making in our Department of Child Services.

A year ago we had just started a top-to-bottom review of DCS. Now, we are moving full speed ahead on addressing all those 20 recommendations that not only protect children but recognize the difficult work of those who protect them.

It's still early, but the investments we've made to increase caseworker salaries and improve the workforce culture are making a difference. The ratio of supervisors to case managers has improved, so there is more time for supportive supervision and coaching. Turnover among frontline staff is down and retention is up, which means more stability between caseworkers and the families they work with. And fewer children are re-entering the DCS system after their cases close.

Now is not the time to pull back resources, right when we're starting to see such progress.

I also challenged our social service agencies to become the best state in the Midwest for infant mortality by 2024, a tall order considering where we've started.

You all approved our "Levels of Care" program to assure that the highest-risk babies are delivered at hospitals with the right facilities to meet the needs of moms and infants.

Now we're seeking to implement two more programs that aim directly at reducing infant mortality: A navigator program to help guide high-risk pregnant women and a program to verbally screen all expecting mothers for substance use disorder so those who need it will be connected to treatment.

These are the kinds of efforts it will take to get more babies to celebrate their first birthdays, regardless of their zip codes.

Finally, we will not slow our efforts to modernize state government to better serve our citizens and businesses alike. But, truly serving all our citizens requires more than increasing our efficiency.

Indiana is one of five states that does not yet have a bias crimes law. It's time for us to move off that list.

I look forward to working with the General Assembly to achieve this goal so that our state law reflects what's already in my administration's employment policy.

Businesses interested in Indiana care about this issue, but it's not just about business. At heart, this has to do with people's dignity and how we treat one another.

Standing strong against targeted violence motivated to instill fear against an entire group is the right thing to do. So let's strengthen our state laws by ensuring judges can sentence more severely when a group is targeted, even though there may be only one actual victim.

With your help, and only with your help, we can do this.

Now I said earlier that a strong economy is essential to determining our desired destiny. To truly reach the next level, our quality of life must be equally strong.

You can see a good example of both just off I-65 in northwest Indiana at Fair Oaks Farms.

Over the past 50 years, Mike and Sue McCloskey went from running small dairies in California to bigger dairies in New Mexico. When they wanted to expand their business, they chose Indiana because our prime location enabled them to reach the most customers.

Today, Fair Oaks has 30,000 cows and is recognized as the sustainability leader in the U.S. dairy industry.

They also transform their cow manure into power for their farms and trucks and have started building affordable housing for their growing workforce.

Mike says this success couldn't have happened anywhere else. He said, "I gotta tell you, there's no better state to work in than Indiana."

Mike and Sue, thank you for planting a field of dreams in Indiana.

So, we have business innovators who could have gone anywhere, but chose Indiana as their launch pad because we occupy the best location in the nation, core to shore.

They stayed in Indiana because rather than hold them back with high taxes and regulations, we cheer on their success.

They're turning a profit, contributing to their community and they never stop thinking about ways to convert have-nots into haves.

Whether it's businesses like Fair Oaks Farms or Forest River, Genesys or Infosys, Lilly or Indiana Limestone.

Whether it's people like Mike and Sue, Chris and Beverly, Steve and Cathy, Mary or Brittany.

Or whether it's commanders and sailors in places we'll never know.

Hoosiers across Indiana and beyond are leading our state into the future – the Indiana way – growing globally and finding creative ways to make lives better, and in the process, taking Indiana to the next level.

I'm going to focus every day on supporting them and steering our great state onward and upward.

May God continue to bless you and our great state!